

Daily Update

Your daily market news, moves
and outlook



Tuesday, 1st of June

Markets Outlook

Equities: Markets in Europe are pushing through highs this morning, up roughly 1% so far on the session ahead of data from the US later in the week which should offer major clues on the health of their economy. Markets are firmer today as the UK and US both come back online following bank holidays, S&P 500 futures are 0.40% higher this morning ahead of this afternoon's opening bell. The VIX has opened slightly higher at 17.15 after the long weekend in the United States.

Currencies: Currency markets remain very quiet on Tuesday morning, as traders return to their desks and await the data points to come later in the week, especially the NFPs in the US. The Dollar has been kept relatively weak in recent weeks as officials from the Fed repeatedly come out and state that they believe inflation pressures will be transitory and monetary stimulus will stay in place for some time. Dollar index is at 89.77 on Tuesday, EUR/USD at 1.2237 and approaching multi-year highs.

Safe-havens: Gold has traded through a five-month high this morning before pulling back slightly to \$1,913 as we write. The metal has continued to benefit from dovish central bank rhetoric over the past month, along with spikes in inflation figures as economies reopen. Bond yields are mixed with relatively quiet trade this morning, US 10yr at 1.615%.

Looking ahead: This afternoon we will see the release of the US 'ISM Manufacturing PMI' data, followed by speakers from the Fed and BOE throughout the day. OPEC nations are also due to meet today to discuss energy prices and production levels. The highlight of the week in terms of data will come from the US Non-Farm Payrolls (NFP) this Friday at 1:30pm Irish time.

Key Events to Watch

01/06/2021 - US ISM Manufacturing PMI

03/06/2021 - US ISM Services PMI

04/06/2021 - Fed Chair Powell speaks

04/06/2021 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,204	(Closed)	11.93%
DAX	15,421	-0.64%	13.58%
EuroStoxx	4,039	-0.76%	14.59%
ISEQ	8,231	-0.62%	12.60%
FTSE	7,087	(Closed)	9.47%
Nikkei 225	28,814	-0.16%	4.99%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2225	0.29%	0.22%
EUR/GBP	0.8600	0.05%	-3.62%
GBP/USD	1.4209	0.21%	4.03%
USD/CHF	0.8992	-0.10%	1.48%
USD/JPY	109.54	-0.34%	6.04%
EUR/JPY	133.95	-0.02%	6.30%

Fixed Income	Value	Daily Change
US 10yr	1.610	0.029
US 2yr	0.144	0.004
Bund 10yr	-0.183	0.001
Irish 10yr	0.212	-0.007
Gilt 10yr	0.798	0.002
JGB 10yr	0.076	0.001

Financial News Round Up

Reserve Bank of Australia

The RBA decided to leave its cash rate at a record low of 0.10% overnight for the sixth consecutive meeting, despite recent data indicating that the nation's economic output is likely back to its pre-pandemic level while house prices also continue to significantly rise.

The decision, which was expected by analysts, came as the Australian central bank awaited inflation and wage pressures before looking to make any changes to monetary policy.

This comes after the Reserve Bank of New Zealand last week suggested that the end of pandemic-induced ultra-loose monetary policy may be coming soon, leading some investors to believe that the RBA may strike a similar tone this morning. RBA Governor Lowe reiterated the need for low rates in Australia as he alluded to the fact that "inflation and wage pressures are subdued." "An important ongoing source of uncertainty is the possibility of significant outbreaks of the virus" he went on to add.

Eurozone Manufacturing

Manufacturing activity in the Eurozone grew at a record pace during the month of May, as the region's 'Final Manufacturing PMI' data point came in at 63.1 versus expectations for 62.8. There are two versions of this report released about a week apart, 'Flash' and 'Final', with the first having more of an impact on asset prices.

Europe, whose economy was ravaged by the pandemic over the past 12 months, saw some sharp declines in Services PMI results, however on the manufacturing side factories have actually mostly remained open, with restrictions also easing in recent months.

Covid-led disruptions are still having an impact on supply chains according to the data, making it a sellers' market for the raw materials needed by factories in many cases. The input prices index surged to 87.1 from April's 82.2 result, the highest result on record for the Eurozone, with some of these costs of course absorbed by manufacturers.

Mortgages in Ireland

The number of mortgages approved in the country was 0.9% higher m/m during April, and a whopping 98% higher than the same period one year prior. 4,362 mortgages were approved in April according to the Banking & Payments Federation, with first-time buyers accounting for 54.8% of these, and move purchasers 22.2%.

The total value of all new mortgages approved during the month came to €1.089 billion, with this figure increasing by 2.4% month-on-month.

According to the BPF's annualised figures, 46,131 mortgages were approved in the year ending April 2021, valued at €11.2 billion.